

Slice Product Review Issue Paper
Draft, Pre-Decisional

TOPIC: Constraint Schedule Management / Re-dispatch

ISSUE: How to design the Slice product to be flexible or responsive enough to manage changes that will be required under CSM and re-dispatch.

PBL CONCERN: TBL will be implementing significant changes to scheduling requirements under Constraint Schedule Management. The Slice contract is not a sale of generation from specific projects. Allocation of generation by specific projects would be inconsistent with the concept of Slice as a system power sale. Customers will want long-term certainty on generation allocation so they can obtain firm transmission rights, but PBL will need to be able to shift generation locations. “Deemed” POR’s needed for customer scheduling capability will create risk for PBL because actual generation by node will not match the estimated system allocation by POR. The current contract provides that PBL bears the risk of non-firm PORs; the potential costs of that risk are unknown because of uncertainty about how TBL will implement CSM. PBL will have to manage the risk created by assigning a virtual distribution of generation to all customers including Slice customers in addition to managing the actual distribution of generation. Scheduling requirements for TBL’s implementation of CSM will impact requirements for timing and content of Slice schedules, and will create more difficulty in changing Slice schedules after preschedule. The Slice contract currently requires PBL to pay congestion costs at non-firm PORs for secondary sales under Slice as well as requirements sales, even though PBL has no control over the location of the POD. BPA does not have this obligation to non-Slice customers. The distinction between the Slice product and other Requirement products is that the Slice product includes secondary sales, which have unstable and unpredictable PODs.

PBL must retain responsibility for re-dispatch under the system sale concept, however the question of sharing re-dispatch revenues must be reconsidered. PBL currently shares re-dispatch revenues with Slice customers but uses an ineffective mechanism to place operational impacts and risks of re-dispatch on the Slice customers.

SLICE CUSTOMER COMMENTS: There are likely simple methods to incorporate CSM into Slice and the product will need to be pliable enough to adapt.

NRU COMMENTS: Limiting changes after preschedules to those necessary to follow load and manage storage should mitigate the problem. So should the specification of operating limits by BPA. On a broader scope, the regional dialogue or some other appropriate forum needs to clarify just what is happening for what purpose. Section 6 of the Transmission Act gives priority to BPA's service to load, but BPA should examine that matter more closely. There is a larger

issue here that needs discussion outside Slice. Finally, the Slice contract should provide that remedies be applied in a fashion that doesn't disadvantage either slice or non-slice customers.

IDEAS TO CONSIDER FOR A FUTURE SLICE PRODUCT:

Idea 1: (CSM) Preschedule only Slice product would improve predictability and allow PBL a better window to manage generation scheduling in conjunction with transmission availability, but it does not relieve PBL of all risk associated with Slice nodal scheduling (compatible with product options 1 and 3).

Idea 2: (CSM) Place hour-ahead scheduling provisions in a standardized business practice that can be unilaterally modified by PBL to align with new scheduling requirements (compatible with product options 2, 3, and 4).

Idea 3: (RD) Increase the off-the-top obligations or decrease system limits appropriately to cover the system impacts of re-dispatch (compatible with product options 2, 3, and 4).

Idea 4: (RD) Place the full risk of re-dispatch on BPA based on the assumption that the TBL will fully compensate non-Slice customers for the costs of re-dispatch (compatible with product options 2, 3, and 4).

Idea 5: (CSM) Limit PBL's obligation to pay congestion costs at non-firm PORs to a calculated amount of requirements power (compatible with product options 2, 3, and 4).

Idea 6: (CSM) Redefine POR rights under the Slice power sale contract to coincide with actual system generation for either 1) all deliveries or 2) changes after preschedule (compatible with product options 2, 3, and 4)